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CINCINNATI, OHIO
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CENTRALIZED SERVICES BRANCH

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REVENUE SERVICE
CINCINNATI, OHIO

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EP/EO DIV.

Dear Applicant:

This refers to your application for recognition of exemption under section 501(c)(9) of the Code.

You were established by a collective bargaining agreement and you provide benefits pursuant to the following provisions in your governing instrument:

SECTION 2 - ELIGIBILITY FOR BENEFITS:

In order to be eligible to be paid a benefit from the Plan on about December 1 of any year, a normal, early or disability retiree of [REDACTED]

[REDACTED], who is a plumber, must have been on the rolls of and receiving a pension benefit from [REDACTED]

[REDACTED] on or before April 1 of that year and must remain on said rolls and continue to receive a pension benefit, from April 1 through September 30 of that year.

SECTION 3 - DESCRIPTION OF PLAN - PAYMENT OF BENEFITS:

On April 1 of each year, the Trustees shall establish a list of persons who may be eligible to receive a benefit hereunder. With respect to each such eligible person, an account shall be established to which the amount hereinafter described shall be credited. On December 1 of each year, the Trustees shall first set aside from the Fund an amount of money which, in their sole discretion, they determine to be necessary to pay the anticipated administrative expenses and taxes of the Fund and for a reserve. The remaining assets of the Fund shall then be divided by the number of persons who, on December 1 of that year, satisfy the requirements of Section 2 above. The resulting quotient shall be credited to such person's account. This annual benefit shall be paid by the Trustees as promptly after December 1 of each year as practicable to each eligible person.

Section 501(c)(9) of the Internal Revenue Code exempts voluntary employees' beneficiary associations providing for the payment of life, sick, accident, or other benefits to the members of such associations or their dependents or designated beneficiaries, if no part of the net earnings of such association inures (other than through such payments) to the benefit of any private shareholder or individual.

Section 1.501(c)(9)-3(e) of the Regulations states that, except to the extent otherwise provided in these regulations, "other benefits" also include any benefit provided in the manner permitted by paragraphs (5) et seq. of section 302(c) of the Labor Management Relations Act of 1947, 61 Stat. 136, as amended, 29 U.S.C. 186(c) (1979).

Section 1.501(c)(9)-3(f) of the Regulations states that the term "other benefits" does not include any benefit that is similar to a pension or annuity payable at the time of mandatory or voluntary retirement, or a benefit that is similar to the benefit provided under a stock bonus or profit-sharing plan.

Because you are providing pension benefits, you are providing benefits prohibited by section 1.501(c)(9)-3(f) of the Regulations. Section 1.501(c)(9)-3(e) provides no basis for exemption. Although you are a collectively bargained plan, the benefits you provide are "otherwise prohibited" within the meaning of that regulation.

You have a right to protest this ruling if you believe it is incorrect. To protest, you should submit a statement of your views, with a full explanation of your reasoning. This statement signed by one of your principal officers, must be submitted within 21 days from the date of this letter. You also have a right to a conference in this office after your statement is submitted. You must request the conference if you want one, when you file your protest statement. If you are to be represented by someone who is not one of your principal officers, that person will need to file a proper power of attorney and otherwise qualify under our Conference and Practice Procedures.

If we do not hear from you within 21 days, this ruling will become final and copies of it will be forwarded to the District Director, Detroit, Michigan. Thereafter, any questions about your federal income tax status or the filing of tax returns should be addressed to that office.

[REDACTED]

When submitting additional letters with respect to this case to the Internal Revenue Service, you will expedite their receipt by placing the following symbols on the envelope: [REDACTED]. These symbols do not refer to your case but rather to its location.

Sincerely yours,

(Signed) [REDACTED]
[REDACTED]
Chief, Rulings Section
Exempt Organizations
Technical Branch

cc: DD, Detroit
Attn: EO Group

cc: [REDACTED]